FALL REAL ESTATE ROUNDTABLE

Our all-star panel weighs in on what they see for the final months of 2026 in our mid-year discussion by Ron Johnson

POST: Give me an elevator pitch on why anyone would want to buy a condo in Toronto right now.

JENNIFER KEESMAAT: It's a two-sided argument. People who have wanted to buy a condo for a long time and who are confident about the type of condo they want and where they want to buy it should absolutely consider buying now because the market is at a significant dip. On the other hand, anyone who is uncertain or is buying for a short-term hold probably shouldn't buy. We still don't know how far prices could fall, whether they're going to start going up, what the market will look like or the extent to which condos will continue to hold their value. It's possible we're not at the bottom. So it really depends on what you're looking for. If you're looking for a home you're going to live in for a very long time, that mitigates the risk. But if it's an investment or a short-term hold, I would argue there's significant risk.

SEBASTIAN CLOVIS: Toronto is dealing with an unusual scenario: a short-term abundance of condos and a potential long-term shortage of new ones. If you're looking to buy a condo as a home, I think this is one of the more interesting buying opportunities we've seen in a while. Current buyers have a healthy selection of units to choose from, leverage to negotiate with and time to make a good decision. My advice would be to scrutinize the building as much as the unit. The condo fees and issues with the building can turn an affordable unit into a very expensive one quite quickly.

BRAD LAMB: The real estate market is likely at, or close to, the bottom. The best time to buy real estate is at or near the bottom. I think the fact that there's a bunch of vulture funds looking for bargains more or less proves this out.

ODEEN ECCLESTON WILTSHIRE: For the first time in years, Toronto condo buyers have real choice, negotiating power and time to make a thoughtful decision. Prices have adjusted, inventory is elevated, and buyers can now compare properties, negotiate conditions and focus on long-term value rather than rushing into bidding wars. Not every condo is a good investment, but well-managed buildings in strong locations can offer excellent value. For first-time buyers, downsizers and families seeking a more attainable way to remain in the city, this could be one of the best purchasing windows we have seen in years.

MICHAEL KALLES: Buyers have an advantage now in a way they haven't in years. They can push on price, they can push on terms. And if you're buying built inventory from a developer, the HST rebate is meaningful. It's open to everyone, not just first-time buyers, and you get a full Tarion warranty. And some of these newer buildings have tremendous amenities, elevated service, and many are located right on major arteries with all that Toronto has to offer at their doorsteps. If you're buying a home to live in, it's hard to imagine a better time to be looking.

POST: For condo owners today who are holding onto a unit, what would you recommend?

BENJAMIN TAL: I think that's a very difficult question because it really depends on the person. But let me describe the way I see the market at this point. I want to say that the market is in a price-searching mode, basically trying to find the price that will clear the market. We are not there yet. Now, I believe that if you are in a two-, three- or four-bedroom condo, we are basically there, but we are not there at the micro level. Those prices will continue to go down, and everything has a price, and there will be a price that will clear the market. But for the micro unit, we are not there.

POST: What lessons should business and governments take from the condo crisis?

BRIAN GLUCKSTEIN: Build units that people want to live in for the long term, not just for investors. The government needs to work with developers to look at the soft costs (fees, taxes) to lower the cost of building, but the developers also need to pass those savings along to the purchasers.

TAL: I think I've been saying for a long time that, in many ways, the housing crisis that we are in is really a planning crisis, and I think that the number one factor impacting the market is obviously demographic — I mean, demand. And we had a situation in which, as I indicated in a previous conversation, in 2023–2024, we got basically 1.5 million people into this country over the course of [two years]. This was way too rapid and not part of the original planning. Original planning did not account for that. That was a change in policy.

Therefore, you cannot blame municipalities for not planning for something that was not in the plan, and that's the source of the issue that led to a huge increase in rent and therefore led to a huge increase in the appetite for investors that believed that they would be able to maintain and sustain this rent for [the long term].

That was a big mistake in terms of planning population growth. It was not communicated.

So the lesson is that there must be much better co-ordination between the plan and policy. You cannot surprise the market at this scale, and I think that the government is not getting it. But there must be basically very clear communication between policymakers and planners. Something that was not in our case, and that was the origin of this issue.

KEESMAAT: It's such a complicated question because I don't think we talk enough about the fact that planners can project and forecast until they're blue in the face. They can try to align the types of homes being built with demand, but there are factors that are completely outside their control.

There were really three key drivers of what happened in our housing market and the high costs we're seeing. The first was international student immigration exploding. The second was a bunch of market oddities that arose because of COVID. Again, that wasn't something anyone had planned for or knew how that type of catastrophe would actually impact the housing market.

And the third was the ban on foreign buyers. Our government is now running around the country trying to get foreign capital into every industry. We want foreign capital in steel, mining and other sectors. Foreign capital has always been a big part of the Canadian economy, but there's a widespread belief now that it really screwed up our housing market, and we haven't quite figured out how to open up those taps again.

Those are three variables that go way beyond real estate. They're geopolitical. The housing market is completely intertwined with larger geopolitical factors, which makes it challenging to plan.

LAMB: There are really no lessons for businesses to learn from this current situation. This is entirely caused by government stupidity. The COVID crisis created a situation where the government wrongly shut down all the businesses and industries. They sent people home and forced distance. Then when they reopened the economy, it overheated. Inflation rose to untenable levels as a result, and interest rates rose dramatically to cool inflation. Rising interest rates will always crush a real estate market. There's no foresight into this. There's no ability to predict the future with this. The overreaction the government created caused all of this. This is a lesson for the government to learn from.

POST: Is there an opportunity for contractors when it comes to rehabilitating these shoebox condos?

CLOVIS: I think there's an opportunity as constraints can often spawn interesting design solutions. In a shoebox condo every square inch matters, so instead of buying four pieces of furniture, a skilled contractor or millworker can design one integrated piece that performs several jobs. I can imagine a build company developing repeatable small-space retrofit packages for 400- to 700- square-foot units so that they don't have to approach each unit with a bespoke solution.

On the other hand, if the condo regulations allowed for it, perhaps purchasers could buy adjoining units, whether side-by-side or above/below, and add doors or staircases to open them up. This would allow for the creation of some very unique spaces that would instantly become more intriguing to a large swath of people.

POST: What happens next this fall and winter?

ECCLESTON WILTSHIRE: I expect the fall condo market to be active but highly selective. Buyers have considerable inventory to choose from and will not rush into overpriced or poorly designed units. The properties that sell will be properly priced, professionally presented and easy to understand from a value perspective. Functional layouts, parking, outdoor space, good views, reasonable maintenance fees and strong building management will continue to matter greatly. Units with high fees, weak layouts or building concerns will require more aggressive pricing. I remain optimistic about Toronto real estate, but the market is returning to fundamentals: location, quality, functionality, affordability and long-term value.

TAL: I think we see more of the same. I think that the low-rise angle of the market will do fine. Larger units in the condo space will do fine. I think that the speed at which micro unit prices will be falling is going to slow down, but they will still continue to fall. I think that the speed at which prices have been falling may reach a peak, but the direction is still negative.

We are starting to see more and more interest coming from institutional investors buying the bulk of the condos, believing that they will be able to rent them for a while, and they are right because, again, we are building deep now. We are building nothing, which means that two or three years from now, we will have a situation in which prices will have to start going up because we simply don't have new supply, and the demand will be utilized by then.

So I think that, again, over the next year, if you ask, I would say that the low-rise segments will do fine, larger units will do fine, and the rate at which prices at the micro level will be going down will slow down. And I'm not saying the prices will rise, but the rate at which they're falling will slow down.

"WHEN THE SHORTAGE IS OBVIOUS, PRICES WILL SPIKE 50 PER CENT."

BARRY COHEN: We are seeing the condo market starting to show increased activity. As mentioned, the sizable units are generating a lot of interest, sales and are increasing in value. I expect that to continue. My clients are expressing a growing need for security and not wanting to have the concerns that go along with having an empty house while travelling. I have someone ask me every week to find them a bungalow. They don't exist! And if they do, they will be torn down to build a monster house. Condos are the answer for those buyers. I believe we have a strong market ahead.

KALLES: I think we will see more of the same. Buyers will keep exploring their options and getting more comfortable with the HST rebate, with builders and resellers adjusting their asking price until they're on the same page as the buyers. One thing that I think is worth watching: the HST rebate expires at the end of March 2027, and that deadline could accelerate activity throughout the winter.

KEESMAAT: I don't know. I feel like it's impossible to know. The bond market went crazy this morning because of Iran making waves. So how can we know? I just don't know how we can know. There are too many variables that impact consumer confidence.

LAMB: What happens in the future is never easy to predict. We have gone through four years of interest rates rising and grinding. The real estate correction — so there are no new starts in the condominium business with very few in the single-family business. There are some purpose-built apartments being built, but it is a drop in the bucket. The problem really is a future shortage, which is hard to see now. For four years very little condominium housing was started. When the shortage is obvious, pricing will spike 50 per cent over a short period. The market was altered by a bad government policy to COVID, which created inflation and then high interest rates. We are now recovering from a high-interest-rate environment. It will take some time to get back to a seller's market. Today, the inventory of condos for rent and for sale has fallen 20 per cent year-over-year. This will continue until a shortage appears.